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8 December 1952

MONTHLY REPORT FOR NOVEMBER, 1952

Economic Defense Division

Major activities of D/E for the month of November included:

1. Preparation for and participation in [REDACTED] conference of US Economic Defense Officers from all of the major posts abroad. This conference was attended by the Chief and Deputy Chief of the Division and [REDACTED] Executive Secretary of IWG.

2. Preparation and presentation of intelligence [REDACTED] in the review of the international lists for determining strategic ratings and levels of exports.

3. Preparation at the request of ODMS of illustrative material for a forthcoming article on East-West Trade and security export controls by John Lear of Colliers magazine.

4. Further study in IWG of plans for the collation, evaluation, and dissemination of current economic defense intelligence required for support of administrative action by EDAC agencies.

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Conferences [REDACTED]

The first two of these activities have been covered in a separate report. It should be noted here that an excellent briefing paper regarding the East-West trade situation in Western Europe had been

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prepared by [REDACTED] in the Areas
Branch. Her comment is interesting in considering the mission of the
Areas Branch:

"This seems to me a good illustration of the inadequate arrange-
ment of our source material. Working efficiency is badly hampered
when closely related functions are scattered over several divisions
and handled with varying purposes in mind.... The need for centralizing
in one spot all pertinent information relating to a country is being
constantly felt both with regard to the Satellites and to the Free World
as well."

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Material for Colliers Article

The effort to respond helpfully to a request from ODMS for
illustrative examples in connection with the preparation of an article
on the operation of security export controls, for publication in
Colliers magazine, was the project of chief interest in E/X and E/A

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during November. It was of special interest in part because of the unusual character of the project and the special problems involved. The main problem was how, to what extent, and in what form current intelligence can be made available, within the limitations of security classification regulations, for unclassified end-uses or for uses carrying lower security classification than that of the CIA collected information. The journalist, Mr. John Lear, was reported to have changed his attitude from initial serious disappointment over failure to obtain the information which he thought necessary for a favorable report to one of appreciation for the assistance given and sympathetic understanding of the difficulties involved in the effort to assist him. However, the results were, on the whole, disappointing, and the experience underscores the lack of a procedure or formula to govern this and similar situations.

Current Intelligence Support for Economic Defense

As reported in September, a proposal is under consideration in IWG recommending the establishment in CIA of a unit to "provide intelligence support for the economic defense program by collating raw and semi-processed current intelligence information on evasions of security trade controls". The work of this unit would include certain responsibilities now assigned to D/E, to the Special Support Staff Z/SS, to S/TF, and to OCI. D/E is producing at present on a somewhat sporadic and ad hoc basis, as called for, current economic defense intelligence. It is also analyzing and recording "name intelligence" regarding

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East-West traders. S/TF is recording intelligence as to clandestine trade and evasions of controls. Z/SS (Office Notice R52-62) is providing economic research support for OCI and OCI publishes the Current Intelligence Digest and has under consideration a proposal for the publication, probably semi-weekly, of a Current Economic Defense Intelligence Digest. If duplication of effort is to be avoided and individual cases followed for the development of further intelligence regarding them, it may be desirable to consolidate these functions in the proposed new unit wherever it is established. This will be the subject of a separate recommendation as soon as the study in the IWG is received.

Relation with Other Elements of ORR and CIA

Cooperation of other units of the Agency in the work of D/E reached a new high during the month. Special mention must be made of the cooperation of St/A and St/C and of OCI, OCD, and of the other divisions of ORR. The contributions to numerous OIT Task Groups, ad hoc reports for EDAC and the US Delegation to COCOM indicate the need for ready availability in D/M, D/I and D/S of economic defense intelligence. It would be helpful and avoid considerable duplication of effort if the research projects in the other economic divisions could be directed more specifically to the needs of the policy making and operational agencies. Many of these reports, while representing thorough and painstaking research and careful analysis are not directly responsive to the requirements of the economic defense agencies. In

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the future D/E will seek an opportunity to suggest an outline for a section of such reports on commodities and materials covering the requirements of the EDAC Task Groups and the economic defense agencies.

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